

erable expense, we have added to our present Supplement, containing the Report of the United States Bank, by the committee on ways and means. This report, we regard as one of the best state to have been promulgated during the present session of Congress. We believe it will be interesting to every intelligent American, who values the present as well as future welfare of his country, and wishes to be acquainted with its financial concerns.

## THE UNITED STATES CONGRESS.

April 13, 1830.

from the Committee of Means, to which the subject referred, made the following

### REPORT:

of Ways and Means, to whom the Message of the President of the United States, was addressed.

have bestowed upon the subject demanded by its importance, and now respectfully call the attention of the House to the result of their deliberations. There is, having reference to the established government, so much at stake, and the health of the Nation, in which the pecuniary interest is so extensively and so vitally involved, that no one of the attributes of wisdom, or the power of common sense, or the sense of duty, can be so much as to neglect the subject.

In the opinion of the committee, the subject is of such importance, and the delicate trust reposed in them by the Federal Government, that they have proceeded to discharge their duty with a sense of its magnitude and importance.

ample and obvious analysis of the subject, as presented by the President, exhibits the following for the decision of the Nation.

press the constitutional power of a bank, such as that of the

to establish and maintain a National Bank, as the only measure by which the public credit could be revived, and the financial resources of the Government redeemed from a ruinous and otherwise incurable embarrassment; and, such had been the impressive lesson taught by a very brief, but fatal experience, that the very institution, which had been so recently denounced, and rejected by the republicans, being now recommended by a republican administration, was carried through both branches of Congress, as a republican measure, by an overwhelming majority of the republican party. It is true that Mr. Madison did not approve and sign the bill which passed the two Houses, because it was not such a bill as had been recommended by the Secretary of the Treasury, and because the bank it proposed to create, was not calculated, in the opinion of the President, to relieve the necessities of the Government. But he premised his objection in this brief analysis, that it was a

bank, as being precluded, in his repeated recognitions, under varied circumstances, of the validity of such an institution in acts of the Legislative, Executive, and Judicial branches of the Government, accompanied by indications, in different modes, of a concurrence of the general will of the nation. Another bill was immediately introduced, and would, in all probability, have become a law, had not the news of peace, by doing away the pressure of the emergency, induced Congress to suspend further proceedings on the subject, until the ensuing session. At the commencement of that session, Mr. Madison invited the attention of Congress to the subject, and Mr. Dallas again urged the necessity of establishing a bank to restore the currency, and facilitate the collection and disbursement of the public revenue; and so deep and solemn was the conviction upon the minds of the public functionaries, that such an institution was the only practicable means of restoring the circulating medium to a state of soundness, that, notwithstanding the decided opposition of all the state banks and their debtors, and, indeed, the whole debtor class of the community, the act incorporating the present Bank of the United States, was passed by considerable majorities in both branches of Congress, and approved by Mr. Madison.

This brief history of the former and present bank, forcibly suggests a few practical reflections. It is to be remarked, in the first place, that, since the adoption of the Constitution, a bank has existed under the authority of the Federal Government, for thirty-three out of forty years; during which time, public and private credit have been maintained at an elevation fully equal to what has existed in any nation in the world; whereas, in the two short intervals, during which no national bank existed, public and private credit were greatly impaired, and in the latter instance, the fiscal operations of the Government were almost entirely arrested. In the second place, it is worthy of special notice, that, in both the instances in which Congress has created a bank, it has been done under circumstances calculated to give the highest authority to the decision. The first instance, as has been already remarked, was in the primitive days of the republic, when the patriots of the Revolution, and the sages of the Federal Convention, were the leading members both of the Executive and Legislative councils; and when General Washington, who, at the head of her armies, had conducted his country to independence, and, as the head of the Convention, had presided over those deliberations which resulted in the establishment of the present Constitution, was the acknowledged President of a people, undistracted by party divisions. The second instance was under circumstances of a very different, but equally decisive character. We find the very party which had so recently defeated the proposition to renew the charter of the old

bank, severely schooled both by adversity and experience, magnanimously sacrificing pride of consistency, and the prejudices of party, to the shrine of patriotism. It may be said, without disparagement, that an assembly, higher talent and purer patriotism has never existed since the days of the Revolution, in the Congress by which the present bank was incorporated. If ever a political party existed, of which it might be truly said, that all the ends they aimed at were their country's, it was the republican party of that day. They had just conducted the country through the perils of a war, waged in defence of her rights and honour, and, elevating their views far above the narrow and miserable ends of party strife, sought only to advance the permanent happiness of the people. It was to this great end, that they established the present bank.

In this review, it will be no less instructive than curious, to notice some of the changes made in the opinions of prominent men, yielding to the authority of experience. Mr. Madison, who was the leading opponent of the bank created in 1791, recommended and sanctioned the bank created in 1816; and Mr. Clay, who strenuously opposed the renewal of the charter in 1811, as strenuously supported the proposition to grant the charter in 1816.

That may be said of the bank charter, which can be said of few contested questions of constitutional power. Both the great political parties that have so long divided the country, have solemnly pronounced it to be constitutional, and there are but very few of the prominent men of either party, who do not stand committed in its favour. When, to this imposing array of authorities, the committee add the solemn and unanimous decision of the Supreme Court, in a case which fully and distinctly submitted the constitutional question to their cognizance, may they not ask, in the language of Mr. Dallas, "can it be deemed a violation of the right of private opinion to consider the constitutionality of a national bank as a question forever settled and at rest?"

And here the committee beg to be distinctly understood, as utterly disclaiming the idea of ascribing to the decision of any or of all the departments of the Government, or a great constitutional question, the binding authority which belongs to judicial precedents, in cases of mere private right, depending upon the construction of the ordinary acts of the Legislature. No length of prescription, or concurrence of authority, can consecrate the usurpation of powers subversive of public liberty, and destructive of public happiness. But, where the power exercised is clearly conducive to the public welfare, and its constitutionality is merely doubtful, it would seem to be one of the most obvious dictates of practical wisdom, to regard the decision of those who had the best means of ascertaining the intention of the Constitution, and who were

seated by the most appropriate authority at least to overrule theoretical objections and silence individual scruples.

The committee will now submit a few remarks, with the design of showing, that, viewing the constitutionality of the bank as an original question, the arguments in its favour are at least as strong as those against it.

The earliest, and the principal objection urged against the constitutionality of a national bank, was, that Congress had not the power to create corporations. That Congress has a distinct and substantive power to create corporations, without reference to the objects entrusted to its jurisdiction, is a proposition which never has been maintained, within the knowledge of the committee; but, that any one of the powers expressly conferred upon Congress, is subject to the limitation, that it shall not be carried into effect by the agency of a corporation, is a proposition which cannot be maintained, in the opinion of the committee.

If Congress, under the authority to pass all laws, necessary and proper for carrying into effect the powers vested in all or any of the departments of the government, may rightfully pass a law inflicting the punishment of death, without any other authority, it is difficult to conceive why it may not pass a law, under the same authority, for the more humble purpose of creating a corporation. The power of creating a corporation is one of the lowest attributes, or, more properly speaking, incidents of sovereign power. The chartering of a bank, for example, does not authorize the corporation to do anything, which the individuals composing it might not do without the charter. It is the right of every individual of the union to give credit to whom he chooses, and to obtain credit where he can get it. It is not the policy of any commercial country to restrict the free circulation of credit, whether in the form of promissory notes, bills of exchange, or bank notes. The charter of the Bank of the United States, therefore, merely enables the corporation to do, in an artificial capacity, and with more convenience, what it would be lawful for the individual corporations to do without incorporation. Mr. Girard established a bank in Philadelphia without a charter, which was in very high credit within the sphere of its circulation; and it cannot be doubted, that he might have formed a banking co-partnership with the principal capitalists in the other commercial cities of the Union, of which the bills would have had a general credit in every part of the country, particularly if the Federal Government had provided that these bills should be received in discharge of its dues. The only material particular in which the charter of the bank of the United States confers a privilege upon the corporation, apparently inconsistent with the state laws, is the exemption of the individual property of the corporation from responsibility for the debts of the

corporation. But, if the community deal with the bank, knowing that the capital subscribed is liable for its debts, no one can complain either of imposition or injury; and, of fact, no one ever has complained, on that score, or ever will. The real complaint against the bank, is not that it has not sufficient basis for its credit, but that its credit is too extensive. The objection lies, therefore, not against the artificial character communicated to the stockholders by the charter, but against the pecuniary operations of the bank itself. Now, these operations consist in the use of its own capital—funds not surely derived from the government, but, in the exercise of which, the government imposes many useful restrictions for the benefit of itself and of the community.

The committee have presented this brief analysis of a bank corporation, with the view of showing, that there is nothing in the nature of the thing, which renders it unfit to be an instrument in the hands of a government, admitted to be sovereign in its appropriate sphere, for carrying into effect powers expressly delegated.

It now remains for the committee to show that the bank of the United States is a "necessary and proper," or in other words, a natural and appropriate means of executing the powers vested in the Federal Government. In the discussion of 1791, and also at that before the Supreme Court, the powers of raising, collecting, and disbursing the public revenue, of borrowing money on the credit of the United States, and paying the public debt were those which were supposed most deeply to carry with them the incidental right of incorporating a bank, to facilitate these operations. There can be no doubt, that these fiscal operations are greatly facilitated by a bank, and it is confidently believed that no person has preceded twelve months over the treasury, from its first organization to the present time, without coming to the conclusion, that such an institution is exceedingly useful to the public finances in time of peace, but indispensable in time of war. But as this view of the question has been fully unfolded in former discussions, familiar to the house, the committee will proceed to examine the relation which the bank of the United States bears to another of the powers of the Federal Government, but slightly adverted to in former discussions of the subject.

The power to "coin money and fix the value thereof," is expressly and exclusively vested in Congress. This grant was evidently intended to invest Congress with the power of regulating the circulating medium. "Coin" was regarded, at the period of framing the constitution, as synonymous with "currency," as it was then generally believed that bank notes could only be maintained in circulation by being the true representative of the precious metals. The word "coin," therefore, must be regarded as a particular term, standing as the representative of a general idea. No principle

is intended to be drawn from the clause, that the coinage of the United States shall be uniform, and the gold and silver coins shall be of equal value.

plain intention of the clause. If, for example, the gold bars of Ricardo should be substituted for our present coin, by the general consent of the commercial world, could it be maintained that Congress would not have the power to make such money, and fix its value, because it is not "coined?" This would be sacrificing sense to sound, and substance to mere form. This clause of the Constitution is analogous to that which gives Congress the power "to establish post roads." Giving to the word "establish" its restricted interpretation, as being equivalent to "fix," or "prescribe," can it be doubted that Congress has the power to establish a canal, or a river, as a post route, as well as a road? Roads were the ordinary channels of conveyance, and the term was, therefore, used as synonymous with "routes," whatever might be the channel of transportation, and, in like manner, "coin," being the ordinary and most known form of a circulating medium, that term was used as synonymous with currency.

An argument in favour of the view just taken, may be fairly deduced from the fact, that the States are expressly prohibited from "coining money, or emitting bills of credit," and from "making any thing but gold and silver a lawful tender in payment of debts." This strongly confirms the idea, that the subject of regulating the circulating medium, whether consisting of coin or paper, was, at the same time that it was taken from the control of the States, vested in the only depository in which it could be placed, consistently with the obvious design of having a common measure of value throughout the union.

But, even if it should be conceded, that the grant of power to "coin money and fix the value thereof," does not, in its terms, give Congress the power of regulating any other than the "coined" currency of the Union, may not the power of regulating any substituted currency, and especially one which is the professed representative of coin, be fairly claimed as an incidental power—as an essential means of carrying into effect the plain intention of the Constitution, in clothing Congress with the principal power? This power was granted in the same clause with that to regulate weights and measures, and for similar reasons. The one was designed to insure a uniform measure of value, as the other was designed to ensure a uniform measure of quantity. The former is decidedly the more important, and belongs essentially to the General Government, according to every just conception of our system. A currency of uniform value is essential to what every one will admit to be of cardinal importance: the equal action of our revenue system, upon the different parts of the Union. The state of things which existed when the bank was incorporated, furnished a most pregnant commentary on this clause of the constitution. The currency

of the country consisted of the paper of local banks, variously depreciated. At one of the principal sea-ports the local currency was 30 per cent. below par. Now it was in vain for Congress to regulate the value of coin, when the actual currency, professing to be its equivalent, bore no fixed relation to it. This great and essential power of fixing the standard of value, was, in point of fact, taken from Congress, and exercised by some hundreds of irresponsible banking corporations, with the strongest human motives to abuse it, because their enormous profits resulted from the abuse. The power of laying and collecting imposts and excises, is expressly subject to the condition that they "shall be uniform throughout the United States;" and it is also provided, that "no preference shall be given, by any regulation of commerce, or revenue, to the ports of one state over those of another." Now, when it is known that the circulating medium of Baltimore was 20 per cent. below the value of the circulating medium of Boston, is it not apparent that an impost duty, though nominally uniform, would, in effect, make a discrimination in favour of Baltimore, proportioned to the depreciation of the local currency? Congress, therefore, not only had the power, but, as it seems to the committee, were under the most solemn constitutional obligations to restore the disordered currency; and the bank of the United States was not only an appropriate means for the accomplishment of that end, but in the opinion of the committee, the only safe and effectual means that could have been used. This view of the subject is in full accordance with the opinion of Mr. Madison, as expressed in his message of December, 1816.

But, says he, for the interest of the community at large, as well as for the purposes of the Treasury, it is essential that the nation should possess a currency of equal value, credit, and use, wherever it may circulate. The constitution has entrusted Congress, exclusively, with the power of creating and regulating a currency of that description, and the measures which were taken, during the last session, in execution of the power, give every promise of success. The bank of the United States, under auspices the most favourable, cannot fail to be an important auxiliary.

Such are the authorities and such the arguments which have brought the committee to the conclusion, that the power to incorporate a bank is incidental to the powers of collecting and disbursing the public revenue; of borrowing money on the credit of the United States; of paying the public debt; and, above all, of fixing and regulating the standard of value, and thereby ensuring, at least so far as the medium of payment is concerned, the uniformity and equality of taxation.

II. The next question proposed for consideration, is the expediency of establishing an incorporated bank, with a view to promote the great ends already indicated. In the measure, some of the considerations which render it expedient, have been slightly unfolded. But these require a more full and complete development, while others remain to be presented.

It must be assumed as the basis of all sound reasoning on this subject, that the existence of a paper currency, issued by banks deriving their charters from the state governments, cannot be prohibited by Congress. Indeed, bank credit and bank paper are so extensively interwoven with the commercial operations of society, that, even if congress had the constitutional power, it would be utterly impossible to produce an entire change in the monetary system of the country, as to abolish the agency of banks of discount, without involving the community in all the distressing embarrassments usually attendant on great political revolutions, subverting the titles to private property. The sudden withdrawal of some hundred millions of bank credit, would be equivalent, in its effects, to the arbitrary and despotic transfer of the property of one portion of the community to another, to the extent, probably, of half that amount. Whatever, therefore, may be the advantages of a purely metallic currency, and whatever the objections to a circulating medium partly composed of bank paper, the committee consider that they are precluded, by the existing state of things from instituting a comparison between them, with a view to any practical result.

If they were not thus precluded, and it were submitted to them as an original question, whether the acknowledged and manifold facilities of bank credit and bank paper, are not more than counterbalanced by the distressing vicissitudes in trade incident to their use, they are by no means prepared to say, that they would not give a decided preference to the more costly and cumbersome medium.

But the question really presented for their determination, is not between a metallic and a paper currency, but between a paper currency of uniform value, and subject to the control of the only power competent to its regulation, and a paper currency of varying and fluctuating value, and subject to no common or adequate control whatever. On this question it would seem that there could scarcely exist a difference of opinion; and that this is substantially the question involved in considering the expediency of a national bank, will satisfactorily appear by the comparison of a state of the currency previous to the establishment of the present bank, and its condition for the last ten years.

Soon after the expiration of the charter of the first bank of the United States, an immense number of local banks sprung up under the pecuniary exigencies produced by the withdrawal of so large an amount of bank credit, as necessarily resulted from the winding up of its concerns—an amount falling very little short of fifteen millions of dollars. These banks being entirely free

from the salutary control which the bank of the United States had recently exercised over the local institutions, commenced that system of imprudent trading and excessive issues, which speedily involved the country in all the embarrassments of a disordered currency. The extraordinary stimulus of a heavy war expenditure, derived principally from loans, and a corresponding multiplication of local banks, chartered by the double score in some of the States, hastened the catastrophe which must have occurred, at no distant period, without these extraordinary causes. The last year of the war presented the singular and melancholy spectacle of a nation abounding in resources, a people abounding in self-devoting patriotism, and a government reduced to the very brink of a general bankruptcy, solely for the want of a national institution, which, at the same time that it would have facilitated the government loans and other treasury operations, would have furnished a circulating medium of general credit in every part of the Union. In this view of the subject, the committee are fully sustained by the opinion of Mr. Dallas, the secretary of the treasury, and by thecurring and almost unanimous opinion of all parties in Congress: for, whatever diversity of opinion prevailed, as to the proper bank and organization of a bank, almost every one agreed that a national bank, of some sort, was indispensably necessary to rescue the country from the greatest of financial calamities.

The committee will now present a brief exposition of the state of the currency at the close of the war, of the injury which resulted from it, as well to the government as to the community, and their reasons for believing that it could not have been restored to a sound condition, and cannot now be preserved in that condition, without the agency of such an institution as the Bank of the United States.

The price current appended to this report will exhibit a scale of depreciation in the local currency, ranging through various degrees to twenty, and even to twenty-five per cent. Among the principal eastern cities, Washington and Baltimore were the points at which the depreciation was greatest. The paper of the banks in these places, was from 30 to 25 per cent. below par. At Philadelphia the depreciation was considerably less, though even there it was from 17 to 18 per cent. In New York and Charleston, it was from 7 to 10 per cent. But in the interior of the country, where banks were established, the depreciation was even greater than at Washington and Baltimore. In the western part of Pennsylvania, and particularly at Pittsburgh, it was 25 per cent. These statements, however, of the relative depreciation of bank paper at various places, as compared with specie, give a very inadequate idea of the enormous evils inflicted upon the community, by the

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The evils resulting from the relative depreciation of bank paper at different places, are more easily traced to their causes, more palpable in their nature, and consequently more generally understood by the community. Though much less ruinous than the evils resulting from the general depreciation of the whole currency, they are yet of sufficient magnitude to demand a full exposition.

A very serious evil, already hinted at, which grew out of the relative depreciation of bank paper, at the different points of importation, was its inevitable tendency to draw all the importations of foreign merchandise to the cities where the depreciation was greatest, and divert them from those where the currency was comparatively sound. If the Bank of the United States had not been established, and the government had been left without any alternative but to receive the depreciated local currency, it is difficult to



imagine the extent to which the evasion of the revenue laws would have been carried. Every state would have had an interest in encouraging the excessive issues of its banks, and increase the degradation of its currency, with a view to attract foreign commerce. Even in the condition which the currency had reached in 1816, Boston, and New York, and Charleston, would have found it advantageous to derive their supplies of foreign merchandise through Baltimore; and commerce would undoubtedly have taken that direction had not the currency been corrected. To avoid this injurious diversion of foreign imports, Massachusetts, and New York, and South Carolina, would have been driven, by all motives of self defence and self interest, to degrade their respective currencies at least to a par with the currency of Baltimore; and thus a rivalry in the career of depreciation would have sprung up, to which no limit can be assigned. As the tendency of this state of things would have been to cause the largest portion of the revenue to be collected at a few places, and in the most depreciated of the local currency, it would have followed that a very small part of that revenue would have been disbursed at the points where it was collected. The government would consequently have been compelled to sustain a heavy loss upon the transfer of its funds to the points of expenditure. The annual loss which would have resulted from these causes alone, cannot be estimated at a less sum than two millions of dollars.

But the principal loss which resulted from the relative depreciation of bad paper at different places, and its want of general credit, was that sustained by the community in the great operations of commercial exchange. The extent of these operations annually, may be safely estimated at sixty millions of dollars. Upon this sum the loss sustained by the merchants, and planters, and farmers, and manufacturers, was not probably less than an average of ten per cent. being the excess of the rate of exchange beyond its natural rate in a sound state of the currency, and beyond the rate to which it has been actually reduced by the operations of the Bank of the United States. It will be thus perceived that an annual tax of six millions of dollars was levied from the industrious and productive classes, by the large monied capitalists in our commercial cities, who were engaged in the business of brokerage. A variously depreciated currency, and a fluctuating state of the exchanges, open a wide and abundant harvest to the money brokers; and it is not, therefore, surprising, that they should be opposed to an institution, which, at the same time that it has relieved the community from the enormous tax just stated, has deprived them of the enormous profits which they derived from speculating in the business of exchange. In addition to the losses sustained by the community, in the great operations of exchange, extensive losses were suffered throughout the interior of the country, in

nominal the same amount in money. It is in this way that fluctuations in the quantity and value of the currency interfere, in the most unjust and injurious manner, between debtor and creditor.

And when banks have the power of suspending specie payments, and of arbitrarily contracting and expanding their issues, without any general control, they exercise a more dangerous and despotic power over the property of the community, than was ever exercised by the most absolute government. In such a state of things, every man in the community holds his property at the mercy of money making corporations, which have a decided interest to abuse their power.

By a course of liberal discounts and excessive issues for a few years, followed by a sudden calling in of their debts and contraction of their issues, they would have the power of transferring the property of their debtors to themselves, almost without limit. Debts contracted when their discounts were liberal, and the currency of course depreciated, would be collected when their discounts were almost suspended, and the currency of course unnaturally appreciated; and in this way the property of the community might pass under the hammer, from its rightful owners to the banks, for less than one half its intrinsic value. If the committee have not greatly mistaken the matter, there is more of history than of speculation in what they have here presented to the consideration of the House.

It is impossible to form any thing like an accurate estimate of the injuries and losses sustained by the community, in various ways, by the disorders and fluctuations of the currency, in the period which intervened between the expiration of the old bank charter, and the establishment of the present bank. But some tolerable notion may be formed of the losses sustained by the government, in its fiscal operations, during the war.

The committee have given this part of the subject an attentive and careful examination, and they cannot estimate the pecuniary losses of the government, sustained exclusively for the want of a sound currency, and an efficient system of finance, at a sum less than forty-six millions of dollars. If they shall make this apparent, the House will have something like a standard for estimating the individual losses of the community.

The government borrowed, during the short period of the war, eighty millions of dollars, at an average discount of fifteen per cent. giving certificates of stock, amounting to eighty millions of dollars, in exchange for sixty-eight millions of dollars, in such bank paper as could be obtained. In this statement, treasury notes are considered as stock, at twenty per cent. discount. Upon the very face of the transaction, therefore, there was a loss of twelve millions of dollars, which would, in all probability, have been saved, if the Treasury had been aided by such an institution as the Bank of the United States. But the sum of sixty-eight millions of dollars, received by the government, was in a depreciated currency, not more than half as valuable as the stock given in exchange.

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require a Rail Road Company to transport all the productions of the country without compensation. No institution could sustain such an operation; and it was the injudicious attempt of the first direction of the bank to do it, that principally contributed to the embarrassments of 1819. A committee was appointed by the House of Representatives, in that year, to investigate the management of the bank; and in the report of that committee, as well as in the discussions to which it gave rise in the House, this attempt of the direction to redeem the bills of the institution indiscriminately, at all its branches, was indicated as one of the causes of the existing embarrassment. No one who participated in the debate, pretended to allege that the bank was bound to redeem its bills indiscriminately, or that it was expedient that it should do so. The most that any one did, was to apologise for the unwisdom.

But it yet remains for the committee to show that this indiscriminate redeemability of the bills of all the branches of the bank, is not necessary to "the establishment of a uniform and sound currency."

Human wisdom has never effected, in any other country, a nearer approach to uniformity in the currency, than that which is made by the use of the precious metals. If, therefore, it can be shown that the bills of the United States Bank are of equal value with silver at all points of the Union, it would seem that the proposition is clearly made out, that the bank has accomplished "the great end of establishing a uniform and sound currency." It is not denied that the bills of the mother bank, and of all its branches, are invariably and promptly redeemed in specie, whenever presented at the offices by which they have been respectively issued, and at which, upon their face, they purport to be payable. Nor is it denied that the bills of the bank, and of all its branches, are equal to specie in their respective spheres of circulation. Bills, for example, issued by the mother bank, are admitted to be equal to silver in Pennsylvania, and all those parts of the adjacent states of which Philadelphia is the market. But it is contended that these bills, not being redeemable at Charleston and New Orleans, are not of equal value with silver to the merchant who wishes to purchase cotton with them, in those cities. Now, if the Philadelphia merchant had silver, instead of bank bills, he certainly could not effect his purchases with it in Charleston or New Orleans, without having the silver conveyed to those places; and it is equally certain that he could not have it conveyed there, without paying for its transportation and insurance. These expenses constitute the natural rate of exchange between those cities, and indicate the exact sum which the merchant would give as a premium for a bill of exchange, to avoid the trouble and delay of transporting his specie. It is obvious, therefore, that, even for these distant operations of commerce, silver would be no more valuable than the bills of the bank; for these would purchase a bill of exchange on either of the cities mentioned, precisely as well as silver. If the operation should be reversed, and the planter of Louisiana

But it is impossible to exhibit any thing like a just view of the beneficial operations of the bank, without adverting to the great reduction it has effected, and the steadiness it has superinduced, in the rate of the commercial exchanges of the country. Though this branch of the business of the bank has been the subject of more complaint, perhaps, than any other, the committee have no hesitation in saying, it has been productive of the most signal benefits to the community, and deserves the highest commendation. It has been already stated that it has saved the community from the immense losses resulting from a high and fluctuating state of the exchanges. It now remains to show its effect in equalizing the currency. In this respect, it has been productive of results more salutary than were anticipated by the most sanguine advocates of the policy of establishing the bank. It has actually furnished a circulating medium more uniform than specie. This proposition is susceptible of the clearest demonstration. If the whole circulating medium were specie, a planter of Louisiana, who should desire to purchase merchandise in Philadelphia, would be obliged to pay one per cent. either for a bill of exchange on this latter place, or for the transportation and insurance of his specie. His specie at New Orleans, where he had no present use for it, would be worth one per cent. less to him than it would be in Philadelphia, where he had a demand for it. But, by the aid of the bank of the United States, one half of the expense of transporting specie is now saved to him. The bank, for one half of one per cent. will give him a draft upon the mother bank at Philadelphia, with which he can draw either the bills of that bank, or specie, at his pleasure. In like manner, the bank and its branches will give drafts from any point of the Union to any other where offices exist, at a per centage greatly less than it would cost to transport specie, and in many instances at par. If the merchant or planter, however, does not choose to purchase a draft from the bank, but prefers transmitting the bills of the office where he resides to any distant point, for commercial purposes, although these bills are not strictly redeemable at the point to which they are transmitted, yet, as they are receivable in payment of all dues to the government, persons will be generally found willing to take them at par; and if they should not, the bank will receive them frequently at par, and always at a discount much less than

would pay the expense of transporting specie. The fact that the bills of the bank and its branches are indiscriminately receivable at the custom-houses and land offices, in payment of duties, and for the public lands, has an effect in giving uniformity to the value of these bills, which merits a more full and distinct explanation.

For all the purposes of the revenue, it gives to the national currency that perfect uniformity, that ideal perfection, to which a currency of gold and silver, in so extensive a country, could have no pretensions. A bill issued at Missouri is of equal value with specie at Boston, in payment of duties; and the same is true of all other places, however distant, where the bank issues bills, and the government collects its revenue. When a bill performs with the most scrupulous punctuality, the stipulation to transfer the funds of the government to any point where they may be wanted, free of expense, it must be apparent that the committee are correct, to the very letter, in stating that the bank has furnished, both to the government and to the people, a currency of absolutely uniform value in all places, for all the purposes of paying the public contributions, and discharging the public revenue. And it is recollected that the government annually collects and disburses more than twenty-three millions of dollars, those who are at all familiar with the subject will at once perceive that this, which are of absolutely uniform value for this vast operation, must be very nearly so for all the purposes of general commerce.

Upon the whole, then, it may be confidently asserted, that no country in the world has a circulating medium of greater uniformity than the United States; and that no country of any thing like the same geographical extent has a currency at all comparable to that of the United States on the score of uniformity. The committee have seen the statement of an intelligent traveller, who has visited almost every part of Europe, exhibiting the great variations of the currency in different parts of the same empire or kingdom. In Russia, the bills of the Bank of St. Petersburg have a very limited circulation. At Riga, and throughout Courland, Livonia, and all the Southern parts of the empire, the currency is exclusively of silver coins. In Denmark, the notes of the Bank of Copenhagen are current only in Zealand, the other islands, and Jutland, but will not pass at all in Sleswic and Holstein, which constitute the best portion of the kingdom. Since the Congress of Vienna, Germany is divided into thirty-nine separate states, each having a distinct currency, though represented in the Diet at Frankfurt. Out of the territory in which these several currencies are issued, they are mere articles of merchandise; which circumstance has given rise in every town to a numerous and distinct class of tradesmen, called money changers. How far these separate and unconnected currencies have a tendency to embarrass commerce, may be inferred from the fact, that a traveller going from St. Petersburg to Calais will lose upon the unavoidable changes of money an average of six per cent. In France, the bills of the bank are of such large denominations as to be of little use to the general public, and to the bankers and extensive traders in Paris. The general currency is silver; and to avoid the trouble of carrying this to distant parts of the kingdom, gold pieces, or bills of exchange, which are preferable, are purchased at a premium of from one and a half to four per cent. After this brief review of the currencies of Europe, the committee will barely state, as a conclusive vindication of our currency from the imputation of unsoundness, that there is no point in the Union, at which a bill of the United States' Bank, issued at the opposite extremity of the country, is at a discount of more than one-fourth of one per cent.

In confirmation of the views here presented, as to the comparative uniformity of the currency furnished by the bank, and, also, as to the obligation of the bank to redeem its bills, indiscriminately, at all the offices, the committee will present a few brief extracts from the speech of a statesman, whose opinions have every title to authority on these important subjects. Mr. Lowndes, in discussing the question, how far the bank had performed the great duty for which it was created, used the following decided language in 1819, when the currency had not reached the point of uniformity it has now attained by one half of one per cent.

"The great object of the government in chartering the bank, was to provide a currency which should have that degree of stability and uniformity in its value which is required by the interests both of commerce and revenue. A currency, equally valuable at every place and every time, cannot be provided by human wisdom. The nearest approach to this object has been generally supposed to be afforded by the employment of gold and silver as the measures of value. The 14th Congress did not aim at ideal perfection; they wished to combine with the conveniences of bank circulation an uniformity of value equal to that which was possessed by the precious metals; and the means which they employed to secure this uniformity were simple and effectual, by enjoining, under a heavy penalty, the payment of all its notes in coin upon demand. In the report, indeed, the notes of the national bank are said to be now 'on the same footing with those of local banks.' Of the footing on which local bank notes stood, he should speak hereafter; but the price current upon his table informed him, that the greatest discount on branch notes of the United States, was three-fourths of one per cent. This was a value much more uniform than that which coin could be expected to have in so extensive a country. He had been lately looking into a book on political economy, which had been published here, with high, and, in respect to its clearness and precision, with just commendations—the work of Mr. Tracy. He inferred from one of his chap-

ters, that the difference was often from two to three per cent. internal improvements afforded since is so rich, with a ments in whiting almost exclusively of currency, the variation in the value gold pays three times greater in her law of money on our continent, can it be said, in this respect, the bank has not fulfilled the objects of its institution? Before its establishment, the value of bank notes, even in the commercial States, had varied twenty per cent. from each other; and, as none of them bore a fixed proportion to the precious metals, or to any natural standard, it was impossible to assign any limit to their depreciation. You have required that the currency furnished by the national bank should be every where convertible into silver, and it is so. You have expected that it should be as uniform as coin, and it is more so. He would not detain the committee by reading a paper, which he had prepared with that intention, containing the state of exchange, since the establishment of the bank, with England, France, and Holland, for he found himself occupying much more of their time than he had expected. But he believed that any member, who should turn his attention to the subject, would remark its steadiness during that period. He thought himself justified in drawing from this fact a conclusion of great importance.

In reference to the great depreciation of the paper of the local banks, previous to the establishment of that of the United States, he said:

"Did the interests or duty of the government of the United States permit that this currency should be received by it? Some dissatisfaction was expressed because the branch notes of the United States' Bank were at a discount of three-fourths of one per cent. He read from a price current the state of the market for bank notes, by which it appeared that notes, which were insisted to be in very good credit, varied from a discount of two and a half to one of seven, fifteen, twenty-five, and even thirty per cent. Was our revenue to be received in these notes? How were they to be employed? They might be expended in the district in which they were issued. But was the expenditure of every district to be exactly limited to its revenue? What became of the Union if it were so? He spoke of the thing, and not the name. Our Union might dissolve in imbecility as well as be destroyed by violence. Did not union imply, that the resources of one state, its money as well as its men, might be employed for the defence of another?"

"But, if the government were willing to bear the loss of a depreciated and unequal currency, it must neglect the plain principle of the Constitution in doing so—equality of taxation. The committee must well remember, that, before the establishment of the national bank, such was the unequal value of currency in the different states, that it was impossible to impose duties, varying from one to three per cent. upon the same commodities, and to collect them uniformly throughout the Union."

"He should not argue that the bank was not bound to pay its notes, indiscriminately, at all its offices. He believed that nobody now contended that it was." "It was no unfair account of the practical operation of the system of which he was speaking, to say that it gave to the branches where the exchange was unfavourable, the entire disposition of the specie of those branches where the exchange was favourable.—Upwards of six millions of specie have been sent to the branch of New York, besides the amount which has been paid by the subscribers of the bank there; but, in issuing notes which the bank of New York has been obliged to redeem, every branch throughout the country has drawn upon a fund, with whose condition at the time it could not be acquainted."

"Such a system might be expected to produce inconvenient changes in the distribution of bank capital, an extreme facility of obtaining loans at one time, and unexpected contractions of discount at another." "Whenever the state of exchange is unfavourable, whenever the just principles of banking require a reduction of discounts, then, under this system of indiscriminate payment of its notes, the bank has nothing to fear from a draught of specie, and is encouraged to lend to every applicant. Wherever the exchange is favourable, and on the sound principles of banking, an enlarged accommodation might be given to the community—there the flow of notes from every state whose exchange is unfavourable, contracts or suspends all the operations of the bank. Thus, wherever discounts should be enlarged, the tendency of this system is to reduce them, and to enlarge them wherever they should be reduced."

Independently of the gross injustice of requiring the bank to perform all the exchanges of this extensive confederacy without any compensation, these enlightened views show most conclusively its inexpediency and injustice, as it regards the different sections of the Union. It would inevitably render those parts of the union where the bank issues were prudent and moderate, tributary to those where the issues were injudicious and excessive. In this way, the very inequality in the currency, which the bank was designed to correct, would be perpetuated by the vain attempt to make it perform impossibilities. The power of annihilating space, of transporting money or any other article to the most distant points, without the loss of time or the application of labour, belongs to no human institution.

But the salutary agency of the Bank of the United States, in furnishing a sound and uniform currency, is not confined to

that portion of the currency which consists of its own bills. One of the important purposes which the bank was designed to accomplish, and which, confidently believed, no other agency could have effected, under any derivative system of government, was enforcement of specie payments on part of numerous local banks, whose charters from the several states, whose paper, irredeemable in specie, was illimitable in its quantity, constituted almost entire currency of the country. Amidst a combination of the great difficulties, the bank has almost completely succeeded in the performance of arduous, delicate, and painful duty. Exceptions, too inconsiderable to require notice, all the state banks in the Union have resumed specie payments. The bills, in the respective spheres of circulation, are of equal value with silver; while, for all the operations of commerce, beyond that sphere, bills or the checks of the Bank of the United States are even more valuable than specie. And even in the very instances in which the paper of local banks is depreciated, those banks are winding up their concerns; and it can be safely said, that no citizen of the Union is under the necessity of taking depreciated paper, because a sound currency can be obtained. North Carolina

of the local banks is irredeemable in specie, and consequently depreciated. There, the depreciation is only one per cent., and what is more important, paper of the Bank of the United States can be obtained by all those who want it, and have an equivalent to give. The committee are aware, that this notion is entertained by some, that local banks would, at some time or other, voluntarily, or by the coercion of the state legislatures, have resumed specie payments. In the very nature of this would seem to be an impossibility. It must be remembered that no ever made such large dividends as realized by the local institutions, the suspension of specie payments rich and abundant harvest of profit opened to them, which the resumption of specie payments must inevitably While permitted to give their own bearing no interest, and not redeemable in specie, in exchange for better bearing interest, it is obvious, that more paper they issued, the higher were their profits. The most positive that can operate upon operations, would have existed, in the state banks from putting in the very state of things, from which excessive profits proceeded. The nature must have been changed, before they could have been induced to operate, voluntarily, in the re of the currency. It is quite possible that the state legislatures were compelled the banks to do this, already has been stated that the depreciation of the paper of the local banks, and the consequent depreciation of the currency, would be a great evil, and would be a great loss to the community. It is not, therefore, surprising, that they should be opposed to an institution, which, at the same time that it has relieved the community from the enormous tax just stated, has deprived them of the enormous profits which they derived from speculating in the business of exchange. In addition to the losses sustained by the community, in the great operations of exchange, extensive losses were suffered throughout the interior of the country, in

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property of individuals, honestly obtained, and usefully employed, to the extent of five millions six hundred thousand dollars, and the property of the government, to the extent of one million four hundred thousand dollars, purely for the sake of change. It would indicate a fondness for experiment, which a wise government will not indulge upon slight considerations.

But the great injury which would result from the refusal of Congress to renew the charter of the present bank, would, beyond all question, be that which would result to the community at large. It would be difficult to estimate the extent of the distress which would naturally and necessarily result from the sudden withdrawal of more than forty millions of credit, which the community now enjoys from the bank. But this would not be the full extent of the operation. The bank of the United States, in winding up its concerns, would not only withdraw its own paper from circulation, and call in its debts, but would unavoidably make such heavy draughts on the local institutions for specie, as very greatly curtail their discounts. The pressure upon the active, industrious, and enterprising classes, who depend most upon the facilities of bank credit, would be tremendous. A vast amount of property would change hands at half its value, passing under the hammer, from the merchant, manufacturer, and farmer, to the large industrial capitalists, who always stand ready to avail themselves of the pecuniary embarrassments of the community. The largest stockholders of the present bank, the very persons whose present lawful gains it would be the object of some to cut off, having a large surplus money capital thrown upon their hands, would be the very first to speculate upon the distresses of the community, and build up princely fortunes upon the ruins of the industrious and active classes. On the other hand, the females and minors, and persons in moderate circumstances, who hold stock in the institution, would sustain an injury, in no degree mitigated by the general distress of the community.

A very grave and solemn question will be presented to Congress, when they come to decide upon the expediency of renewing the charter of the present bank. That institution has succeeded in carrying the country through the painful process necessary to cure a deep seated disease in the national currency. The nation, after having suffered the almost convulsive agonies of this necessary remedy, is now restored to perfect health. In this state of things it will be for Congress to decide, whether it is the part of wisdom to expose the country to a degree of suffering almost equal to that which it has already suffered, for the purpose of bringing back that very derangement of the currency, which has been remedied by a process, as necessary as it was distressing.

If the bank of the United States were destroyed, and the local institutions left without its restraining influence, the currency would almost certainly relapse into its former condition. The pressure upon the community would be such, that it would be necessary to issue a new currency, which would be a very great evil. The public necessities would demand, and public opinion would sanction, the suspension, or at least an evasion, of specie payments.

But, even if this desperate resort could be avoided in a period of peace and general prosperity, neither reason nor experience will permit us to doubt, that a state of war would speedily bring about all the evils which so fatally affected the credit of the government and the national currency, during the late war with Great Britain. We should be again driven to the same miserable round of financial expedients, which, in little more than two years, brought a wealthy community almost to the very brink of a declared national bankruptcy, and placed the government completely at the mercy of speculating stockjobbers.

The committee feel warranted, by the past experience of the country, in expending it as their deliberate opinion, that in a period of war, the financial resources of the country could not be drawn into efficient operation without the aid of a national bank, and that the local banks would certainly resort to a suspension of specie payments. The maxim is eminently true in modern times, that money is the sinew of military power. In this view of the subject, it does appear to the committee, that no one of the institutions of the country, not excepting the army or navy, is of more vital importance than a national bank. It has this decided advantage over the army and navy: while they are of scarcely any value except in war, the bank is not less useful than either of them in war, and is also eminently useful in peace. It has another advantage, still greater. If, like the army or navy, it should cost the nation millions annually to sustain it, the expediency of the expenditure might be doubted. But, when it actually saves to the government and to the country, as the committee have heretofore attempted to show, more millions annually than are expended in supporting both the army and navy, it would seem that, if there was one measure of national policy, upon which all the political parties of the country should be brought to unite, by the impressive lessons of experience, it is that of maintaining a national bank.

It is due to the persons, who, for the last ten years, have been concerned in the administration of the bank, to state, that they have performed the delicate and difficult trust committed to them, in such a manner as, at the same time, to accomplish the great national ends for which it was established, and promote the permanent interest of the stockholders, with the least practicable pressure upon the local banks.

**species.** This timely admonition is as useful to the bankers as it is to the community; for it enables the directors to avoid, with unfailing certainty, an excess equally injurious to both, and which no human sagacity could anticipate or prevent, by calculation merely. Whatever, therefore, in a system of bank circulation, prevents the reflux of redundant issues, necessarily destroys the only adequate security against these injurious and ruinous excesses.

But a Government Bank, without branches would be obnoxious to another objection which could not be avoided. Its loans would be confined to the District of Columbia; or, if extended to the various parts of the Union—to say nothing of the inconvenience to which it would expose those at a distance who obtained accommodations—they would be unavoidably granted without any knowledge of the circumstances of the persons upon whose credit the Government would depend for re-payment. It would, in fact, be, for all useful purposes, a mere District Bank.

These views of the subject have brought the committee to the conclusion, that, if a Government Bank should be established, it would have at least as many branches as the Bank of the United States, and probably a much greater number. Few administrations would have the firmness to resist an application to establish a branch, coming from any quarter of the Union, however injudicious the location might be, upon correct principles of commerce and banking.

The Bank of the United States now employs five hundred agents, in the various parts of the Union where its offices are established. From this fact some idea may be formed of the very great addition which would be made to the patronage of the Executive Government by the establishment of such a bank as the one under consideration.

But the patronage resulting from the appointment—the annual appointment—of these agents, great as it would doubtless be, would be insignificant and harmless, when compared with that which would result from the dispensation of bank accommodations to the standing amount of at least fifty millions of dollars! The mind almost instinctively shrinks from the contemplation of an idea so ominous to the purity of the Government and the liberties of the people. No government of which the committee have any knowledge, except perhaps, the despotism of Russia, was ever invested with a patronage at once so prodigious in its influence and so dangerous in its character. In the most desperate financial extremities, no other European government has ever ventured upon an experiment so perilous. If the whole patronage of the English monarchy were concentrated in the hands of the American Executive, it may be well doubted whether the public liberty would be so much endangered by it as it would by this vast pecuniary machine, which would place in the hands of every administration fifty millions of dollars, as a fund for rewarding political partizans.

Without assuming that a corrupt use of such a sum seems to me more species of government than the present right acquaintance nearest the cottage, I beheld, in the enclosed yard before its door, a man myself, admiring the splendour of his own house, and the light of his own fire, and the sound of his own mill, and the sight of his own sheep, and the smell of his own corn, and the taste of his own food, and the touch of his own clothes, and the feel of his own shoes, and the sound of his own voice, and the sight of his own eyes, and the feel of his own hands, and the taste of his own tongue, and the smell of his own nose, and the touch of his own feet, and the feel of his own head, and the sight of his own face, and the taste of his own lips, and the smell of his own hair, and the touch of his own skin, and the feel of his own bones, and the sight of his own flesh, and the taste of his own blood, and the smell of his own sweat, and the touch of his own tears, and the feel of his own 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This is a vertical, high-contrast black and white image. It appears to be a scan of a textured surface, possibly a book cover or endpaper. The image is dominated by a dark, vertical strip on the right side, which contrasts sharply with the lighter, textured area on the left. The texture on the left is grainy and uneven, with some darker spots and lines. The overall composition is simple and abstract, focusing on the interplay of light and shadow.



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From the above statement, the annual amount of the transfers made for the Govern-